

Message Text

CONFIDENTIAL

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ACTION XMB-07

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 TRSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 DRC-01 /056 W

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R 230917Z JAN 74

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 9017

C O N F I D E N T I A L LISBON 0295

PLEASE PASS EXIM BANK FOR VICE CHAIRMAN SAUER FROM
THE AMBASSADOR

E.O. 11652: GDS

TAGS: ENRG PO

SUBJ: PETROSUL REFINERY AT SINES

REF: LISBON 0291

1. SINCE ARRIVING IN LISBON, I HAVE THOUGHT
OFTEN OF OUR RECENT CONVERSATION ON THE PETROSUL
REFINERY PROJECT. I WILL BE PARTICULARLY
INTERESTED IN HEARING FROM YOU REGARDING THE
POINTS RAISED IN OUR LISBON 0291. I WOULD
LIKE TO ADD ONE IMPRESSION, HOWEVER, WITH
RESPECT TO YOUR COMMENTS ABOUT THE POSSIBILITY
OF REQUESTING THAT PETROSUL INCREASE ITS
EQUITY TO SHOULDER A LARGER SHARE OF THE INITIAL
FINANCING. AS YOU KNOW, PETROSUL IS THE CONCESSIONAIRE
FOR THIS REFINERY PROJECT WHICH WILL HAVE A
GUARANTEED SHARE IN THE LOCAL MARKET. THE PETROSUL
PARTNERSHIP, WHICH INCLUDES THE PORTUGUESE GOVERNMENT,
CUF-PORTUGAL'S LARGEST INDUSTRIAL GROUP, AND SONAP -
ONE OF TWO NATIONAL PETROLEUM COMPANIES, REPRESENTS
A DELICATE BALANCE OF THREE POWERFUL INTERESTS.
DUE TO THE HIGHLY POLITICAL NATURE OF THE PARTNER-
SHIP AND THE CONDITIONS FOR THE CONCESSION, I RECOMMEND
THAT NEITHER EXIM NOR THIS EMBASSY SEEK ANY CHANGE
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IN THE PETROSUL EQUITY CAPITAL. WE HAVE HAD NO INDICATION

FROM PETROSUL THAT YOUR RESERVATIONS HAVE BEEN COMMUNICATED
TO THEM.

2. IN ANY CASE, I BELIEVE THAT THE PETROSUL
PROJECT'S IMPORTANCE TO THE NATIONAL INTEREST OF
PORTUGAL IS SO GREAT THAT THE GOP WILL NOT ALLOW
THE REFINERY TO FAIL AT NEARLY ANY COST.

3. PLEASE CALL ON ME OR MY STAFF FOR ANY FUTURE
ASSISTANCE YOU MAY NEED ON THIS OR OTHER EXIM BANK
PROJECTS IN PORTUGAL.
SCOTT

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NNN

Message Attributes

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